Department of Telecommunications and Energy
First Set of Information Requests

REDACTED

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1- 1: Please explain in detail how the Company's current proposal is consistent with its most recently approved Forecast and Supply Plan. Refer the Department to the relevant pages of the Company's filing and/or relevant pages of the Department's decision. In your response, please address whether this proposal is consistent with the Forecast and Supply Plan filed in D.T.E. 05-7, particularly with respect to the need for peaking capacity.

Response: The Company's most recently approved Forecast and Supply Plan, docket D.T.E. 02-17, Order dated February 5, 2003, addressed the Company's normal and design year adequacy, design day adequacy, and cold snap adequacy. In each scenario, the Pittsfield Generating resource (namely the Amended Fuel Purchase Agreement ("AFPA")) is a required resource to meet these needs. For example, on page 29 of the Order, the Department notes "Berkshire explained that it plans to meet its normal year and design year heating season needs through existing pipeline supplies and the additional peaking resources from Pittsfield Generating, DOMAC LNG vapor, liquefied petroleum gas ("LP") vaporization and load management (Exh. BG-1, at 65, 71)." Further, for design day adequacy, the Department notes on page 30 of the Order "Berkshire plans to meet its design day needs through existing firm pipeline supplies, underground storage, LNG, the Company's peaking service rights with the Pittsfield Generating plant and propane air injections (Exh. BG-1, Table G-23; Tr. At 35)." Finally, under the cold snap scenario, the Department notes in its Order on page 32 "Berkshire stated that its ample propane storage and production facilities together with the contractual rights with Pittsfield Generating have provided adequate cold-snap volumes for its firm customers to date (id. At 66-67)." In all these scenarios, the Department found that Berkshire had an adequate plan to meet the sendout requirements of each scenario throughout the forecast period. Since the current proposal is a replacement for the Pittsfield Generating contract, it is clear this is a required resource to continue to meet the requirements of each of these planning scenarios.

This proposal is also consistent with the Company's most recently filed Forecast and Supply Plan (the "Plan"), docketed as D.T.E. 05-07 on January 31, 2005. In this Plan, the Company's analyses demonstrated that its resource portfolio under the various design standards is adequate to meet expected contingencies through the first two years of the plan (2004/05 and 2005/06) but indicates that an incremental peaking resource will be required to ensure an appropriate level of reliability to meet peak day and design year demand in the last three years (2006/07, 2007/08 and 2008/09). See Attachment DTE-1-1. Specifically, this need is related to the replacement of the AFPA. As described on pages 33-34 of the Plan, the Company pursued an appropriate short-term strategy for the

Witness: Jennifer M. Boucher
Date: April 25, 2006

Question
DTE 1- 1 (cont'd.):

2004/05 winter and also established an action plan to address this requirement over the longer term. As reported, the Company pursued a competitive solicitation for a replacement resource in 2005, which is the basis for the instant filing.

TABLE G23
MASS DTE 01/05

COMPARISION OF RESOURCES AND REQUIREMENTS
PEAK DAY SENDOUT
MMCF

BERKSHIRE GAS
JANUARY 31, 2005

LINE	EXISTING RESOURCES	ACTUAL 2004 - 2005	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009
	TENNESSEE PIPELINE					
	THIRD PARTY SUPPLIERS	13	13	13	13	13
	NEXEN	1	1	1	1	1
	ALTRESCO REPLACEMENT	7	7	7	7	7
	STORAGE	14	14	14	14	14
	LNG BACKHAUL	2	2	2	2	2
	MARKETER SUPPLY	17	17	17	17	17
	NON-PIPELINE					
	PROPANE	5	5	5	5	5
	LNG FACILITY	3	3	3	3	3
	TOTAL	62	62	62	62	62
	SENDOUT (G-5)	55	56	58	59	61

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1- 2: Refer to page one of the Petition. Please explain why the Company agreed to the Sales Agreement for a term of seven years.

Response: In reviewing the Company's resource requirements as demonstrated in the most recent filed Forecast and Supply Plan, docket D.T.E. 05-07, it was apparent a peaking resource such as the one in this instant petition would be required for the long-term. This resource provides inherent benefits for the Company's portfolio in that it is from a diverse location (the capacity originates in Canada), it provides firm, primary capacity to the Berkshire region, and the demand charge is fixed for the term of the agreement providing price stability. More important, the seven year term was selected because Coral's agreement with Tennessee expires in seven years, at which time the Company has negotiated for the right of first refusal ("ROFR") for this capacity. If the ROFR is ultimately available to the Company, it will continue to provide the benefits mentioned previously for our customers in the long-term.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1-3: Refer to section six on page three of the Petition where the Company indicates the Coral volumes will be delivered out of "Niagara." Please clarify what "Niagara" refers to.

Response: The term "Niagara" refers to the Niagara Falls, NY import point where the facilities of the Tennessee Gas Pipeline Company ("Tennessee" or "TGP") and TransCanada Pipelines Limited interconnect.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1- 4: Refer to section seven on page two of the Petition where the Company indicates it was unable to obtain pipeline capacity from the Iroquois and Tennessee Gas pipelines. When was that determination made? Please explain in detail the circumstances leading to the realization that capacity was not available. Indicate whether there were any positive responses to the Request for Proposals ("RFP") issued to twelve suppliers, and, if so, provide copies.

Response: Intentionally Omitted.

RESPONSE IS CONFIDENTIAL AND PROPRIETARY
PROTECTIVE TREATMENT

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1- 5: Refer to section eight on page three of the Petition. Please explain how and when was the issue of the right of first refusal ("ROFR") first discussed with Coral? Was the issue of the ROFR raised by Berkshire or Coral? Provide all relevant documents and workpapers with your response.

Response: During negotiations Berkshire requested of Coral, as a follow-up to their initial response to the Company's RFP, whether they would assign capacity to the Company beginning November 1, 2008 for 5,000 to 10,000 MMBtu of year round capacity contingent upon Berkshire's capacity requirements and market conditions at that time. Unfortunately, the cost to have the right to the capacity assignment regardless of whether Berkshire required the capacity was prohibitive. Thus, following these discussions, Berkshire inquired if a longer term deal were entered into with Coral whether Coral would consider assigning ROFR rights to Berkshire upon expiration of Coral's contract with Tennessee Gas Pipeline. Ultimately there was an agreement on this option.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question DTE 1-6: Refer to page two of Jennifer Boucher's testimony. She indicates that a cogeneration plant in Pittsfield will not be available for the forseeable future. Please detail the Company's basis for stating it will not be available for the "foreseeable future." Provide with your response all evaluations, studies, reports, correspondence, emails, notes, memorandum and work papers related to the plant not being available and the anticipated time frame that it will not be available.

Response: The Company learned in late summer 2004 that changes were taking place at the plant. "An Order Authorizing Disposition of Jurisdictional Facilities" issued by FERC on August 31, 2004 is provided as Attachment DTE-1-6(a). Thus, on October 7, 2004, the Company held a meeting with representatives of PurEnergy. See Attachment DTE-1-6(b). The Department was notified of the implications of these plant changes on November 2, 2004. See Attachment DTE-1-6(c). Since that meeting, there has been further discussion regarding the status of the plant. See Attachment DTE-1-6(d). At present, the Company is not aware of specific plans to return the Pittsfield plant to full operation.

J Avery

UNITED STATES OF AMERICA 108 FERC ¶ 62,209
FEDERAL ENERGY REGULATORY COMMISSION

Pittsfield Generating Company, L.P. Docket No. EC04-136-000

ORDER AUTHORIZING DISPOSITION
OF JURISDICTIONAL FACILITIES

(Issued August 31, 2004)

On July 27, 2004, Pittsfield Generating Company, L.P. (Pittsfield) filed an application pursuant to section 203 of the Federal Power Act (FPA)[1] requesting Commission authorization for the disposition of jurisdictional facilities relating to the transfer of limited partner interests in Pittsfield. The affected jurisdictional facilities are Pittsfield's market-based rate schedule, appurtenant interconnection facilities, and accounts, books and records.

Pittsfield is a public utility which leases and operates a 163 megawatt natural gas-fired combined cycle generation facility (Project) in Pittsfield, Massachusetts. An exempt wholesale generator authorized to sell power at market-based rates, Pittsfield holds long-term power purchase agreements with two utilities, Commonwealth Electric Company (Commonwealth) and Cambridge Electric Light Company (Cambridge). Presently, Pittsfield is comprised of one general partner and two limited partners. PE-Pittsfield LLC (PE-Pittsfield) is the managing general partner with only a contractual, non-economic interest in Pittsfield. PE-Pittsfield manages Pittsfield's day-to-day operations, including all activities and facilities subject to the FPA. PE-Pittsfield is wholly owned by PurEnergy I, LLC, an energy management company specializing in restructuring and operating distressed or underperforming generation assets. The limited partners of Pittsfield are Altresco, Inc. (Altresco) with a 99 percent interest, and PE-Pittsfield Partners, Inc. (PPI), with a 1 percent interest. In 1990, Pittsfield entered into a sale and leaseback transaction in which it sold its undivided interest in the Project to the owner trustee[2] for the benefit of the owner participant, SFG CLA Pittsfield, LLC (SFG), an indirect subsidiary of General Electric Capital Corporation (GECC). Owner trustee holds legal title to the Project and leases its undivided interest therein back to Pittsfield.

Pursuant to a settlement agreement, which agreement is subject to approval by the United States Bankruptcy Court, Altresco and PPI will sell to SFG or its affiliates and assignees 100 percent of their respective limited partner interests in Pittsfield. After the

---

[1] 16 U.S.C. § 824b (2000).

[2] U.S. Bank National Association is the successor in interest as owner trustee to the Connecticut National Bank, the original owner trustee.

sale, SFG plans to transfer 1 percent of the limited partner interests in Pittsfield to GECC, and 99 percent of the limited partner interests in Pittsfield to General Electric Credit Corporation of Tennessee (GECC Tennessee), an indirect, wholly-owned subsidiary of GECC. GECC and GECC Tennessee will then own all the limited partner interests, but will still not operate or control Pittsfield's jurisdictional facilities. Only PE-Pittsfield will be in control of the Project.

Pittsfield states that the proposal is consistent with the public interest and will not have an adverse effect on competition, rates or regulation. With regard to competition, Pittsfield states that it does not possess market power, and that neither SFG nor any of its affiliates directly or indirectly makes any sales of power or carries out any FPA jurisdictional activities in the relevant market, ISO-New England. In addition, Pittsfield states that SFG or its affiliates undertakes no energy business in New England, and that the proposed transaction does not result in any entity gaining control over entities that provide inputs to Pittsfield's or its competitors' electric generation products.

With regard to rates, Pittsfield states that although it has proposed to terminate its agreements with Commonwealth and Cambridge later this year, all sales will continue to be made at market-based rates. Also, neither SFG nor Pittsfield or any of their affiliates provides transmission service.

With respect to regulation, Pittsfield states that neither it nor SFG (or its affiliates) is a registered holding company and that the proposed transaction will not result in the creation of any new holding company. Pittsfield will continue to be a jurisdictional public utility and, as such, wholesale sales by Pittsfield will continue to be subject to the Commission's jurisdiction. Further, all sales of power from Pittsfield will continue to be at wholesale, and therefore, will not be subject to any state regulation.

The filing was noticed on July 29, 2004, with comments, protests, or interventions due on or before August 17, 2004. None were received. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

After consideration, it is concluded that the proposed transaction is consistent with the public interest and is hereby authorized, subject to the following conditions:

(1) The proposed transaction is authorized upon the terms and conditions and for the purposes set forth in the application;

(2) The foregoing authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determinations of cost, or any other matter

whatsoever now pending or which may come before the Commission;

(3) Nothing in this order shall be construed to imply acquiescence in any estimate or determination of cost or any valuation of property claimed or asserted;

(4) The Commission retains authority under Sections 203(b) and 309 of the FPA to issue further orders as appropriate;

(5) Pittsfield shall make the appropriate filings under section 205 of the FPA, as necessary, to implement the transactions; and

(6) Pittsfield shall notify the Commission within 10 days of the date that the disposition of the jurisdictional facilities has been consummated.

This action is taken pursuant to the authority delegated to the Director, Division of Tariffs and Market Development - West, under 18 C.F.R. § 375.307. This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order pursuant to 18 C.F.R. § 385.713.

Jamie L. Simler
Director
Division of Tariffs and Market Development – West

BERKSHIRE GAS COMPANY MEMORANDUM

To: Bob Allessio, Jim Avery
CC: Bill Barschdorf, Dave Grande, Rick Nasman
From: Karen Zink
Subject: Altresco Contract
Date: October 7, 2004

The purpose of this memo is to update you on a meeting that was held today with PurEnergy LLC, the current owner of the Altresco facility (they also expect to be named the operator of the facility effective next week). In attendance at the meeting were Bill Barschdorf, Dave Grande, Rick Nasman, Don Scholl (President of PurEnergy), Tim Eglin (plant operator at Altresco), and me.

I provided a history of the plant and the existing agreements that are in place between Berkshire and Altresco. Specifically, three areas of the agreements were highlighted – the throughput charge, the O&M charge, and the peaking supply contract.

Don discussed the status of the plant for the short-term and the long-term. First, he explained Altresco had two power contracts – one with NEG-T (the successor to US Generating) which utilized 2/3 of the power plant capacity and one with NStar which utilized 1/3 of the power plant capacity. The bankruptcy court did not allow the agreement with NEG-T to continue, thus, there has been a significant reduction in the throughput volumes since last year. Further, NStar recently bought out of their contracts and, effective October 1, will no longer utilize the power from the plant. Therefore, essentially no volumes are flowing. Second, the contract for Canadian gas supply that was serving the plant was terminated by the Canadian supplier to be effective October 11, thus, any gas supply purchases will occur in the spot market. Finally, all the firm transportation capacity has been assigned as a long term release effective November 1. Don indicated power prices are low, it is not economical to run the plant, and options are being considered from using the feedline to serve the local GE plant, selling the facility, shutting down the facility, or a combination of all three. Each of these options will have impacts on the existing agreements as discussed below.

Using the Feedline to Serve GE

GE has contacted us about serving temporary boilers that they expect to have installed prior to the winter season. After a 6 – 9 month period, they expect to install permanent boilers. The boilers would be dual fuel and would serve 2,500 dth/day for the steam requirements. Initially, our understanding was that the boilers would be served off our 100 pound system. Today, Don indicated that the boilers may be served off the 500 pound feedline. Either way, GE will need to supply its own steam and is in discussions with PurEnergy about the best way to do it. Our questions related to serving GE are as follows – if they are served off our 100 pound system, do we charge them a firm distribution rate? Alternatively, if they are served off the 500 pound feedline, do we charge them the throughput charge? This is an important question as we are losing up to $500,000 annually in throughput charges and should be looking at every opportunity to replace those throughput charges with some alternative revenue stream. (Additionally, are we obligated to serve GE if we cannot come to an agreement which provides us with a revenue stream?) Further, can they take service off the feedline or does that fall under any provisions in the original agreement that the feedline is only to be used for Altresco and Berkshire Gas? I suggested to Don that we will follow up after his meeting with GE so that we can set up a joint meeting between all three parties or, at a minimum, we meet with the appropriate person(s) at GE.

Selling the Facility

Don indicated selling the facility is a real possibility. However, if a buyer is found, it would take at least 3 or 4 years before we could assume the facility would be close to the volumes that have been used historically. He also indicated the facility might only be used as a summer facility in the future. If the facility is sold, do the existing agreements get assigned to a new buyer?

Shutting Down the Facility

This is also a real possibility. The facility loses $3,000 - $5,000 per hour it runs and is an inefficient plant compared to the newer plants running in the market today. Would Berkshire Gas decommission the line if the facility is shut down?

Other Items

- We discussed with PurEnergy the implications of the feedline being labeled a transmission line rather than a distribution line. We indicated a regulator pit could be installed which could reclassify the line as they would be tied into our system through a tap at the take station. They would be responsible for the capital cost and maintaining the new facilities would be part of the annual O&M charges. We will provide an economic analysis of the additional costs associated with a transmission line versus the capital costs associated with being able to classify as a distribution line.

- The peaking supply can be replaced with propane for this winter. However, if we have a colder than normal winter we have to insure we can replace the propane as it is withdrawn from storage. We should consider the timing of replacement as well as discussions with other companies who could provide sources of supply such as Distrigas or our affiliates in Connecticut for the short-term and long-term.

- The O&M charge will continue to be billed and PurEnergy said it understands what the charge is for and will continue to pay it. However, what happens to these charges if the facility is shutdown?

We should discuss all the issues addressed as soon as possible so we can determine if and how we will serve GE, what contractual rights we have with any of the agreements under different scenarios, and how to replace the peaking supply contract. Please let me know if you are available on October 14 at 1:30 pm for a follow-up discussion.

November 2, 2004

VIA FACSIMILE AND REGULAR MAIL

Mr. George Yiankos, Director, Gas Division
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02202

Dear George:

Per our previous discussion, The Berkshire Gas Company ("Berkshire" or the "Company") recently became aware that its peaking supply of 7,500 MMBtu per day from the Altresco cogeneration facility (presently known as U.S. Generating Company) will not be available this winter. This source of supply has previously been provided to Berkshire pursuant to a Fuel Purchase Agreement ("FPA"). The FPA enables the Company to purchase a portion of the gas supply that the plant operator retained in order to operate a cogeneration plant located in Pittsfield. In fact, this purchase right has contributed to the Company's least cost, reliable resource plan for many years. However, circumstances relating to the electricity market that are beyond Berkshire's control have resulted in the facility not being operational this winter. Further, we have become aware that the facility no longer maintains its underlying gas supply contract and that the plant's operator has not retained its long-haul capacity into the facility. Thus, it is not a viable option for Berkshire to rely upon the ability to buy the supply or employ the capacity available to Altresco during this winter heating season and, perhaps, beyond. Based on this determination, the Company has had to consider other options to replace this supply for the short-term and long-term to ensure the continuing reliability of service. The following is a summary of the analysis the Company performed to determine how to replace this supply for the upcoming winter period as well as its plan to consider longer term alternatives.

Propane

As soon as the Company learned that the Altresco facility might not be operational for this winter, Berkshire immediately elected to fill its propane tanks for a potential supply option and purchased the right to call upon an additional 700,000 gallons in the winter. This step would replace the peaking service available under the FPA on a least cost basis as these facilities were already available to serve the Company. However, for several reasons the Company determined that it cannot rely on propane to completely replace the Altresco volumes. First, there is always a concern about allocations and truck driver hours that may result in untimely replacement of some or all of the propane supplies. Second, the Altresco resource has been used on days that are not necessarily peak days, i.e. at degree days that could be approximately a 50 degree day. When it is not extremely cold, there is not enough natural gas in the Company's distribution system to offset the high Btu content of propane. Operational or equipment problems could occur if the Btu content is too high. Thus, while propane is a good source for supplemental supply and an important resource in terms of reliability, the Company cannot rely on it to replace the entire 7,500 MMBtu per day volumes lost.

Dracut Capacity

The Company also analyzed and considered purchasing available Dracut capacity. However, there were concerns regarding the potential for a gas supply to be delivered from Dracut. First, Berkshire determined that gas supply prices out of Dracut were extremely high. Second, even with those higher prices, there was no guarantee a gas supply would be available. Finally, Berkshire determined that Dracut supply is never, as a practical matter, "firm" and would likely be interrupted when the Company would most likely require the supply. Accordingly, due to the high costs and the limited reliability of this resource, Berkshire discounted this option.

Delivered Gas to Citygate

Marketers that serve the Company's customers behind its citygate were contacted to determine if they had available delivered capacity and supply into Berkshire's service territory. One marketer had up to 4,000 MMBtu per day available. However, the marketer would require Berkshire to "baseload" the supply for the 151 day winter period and pay a premium. This would result in a "demand" charge for the 4,000 MMBtu supply that the Company does not, in fact, require for the entire 151 day period. Thus, the "cost" proposed was not in line with the "benefit" to the Company. Further, there would still be a shortage of 3,500 MMBtu per day that would have to be replaced. Thus, this option was rejected.

Other Capacity Options

An additional option considered was to purchase capacity on the Iroquois system which would ultimately connect to and be delivered on the Tennessee Gas Pipeline Company system. Unfortunately, for this winter, the Iroquois capacity was available but the Tennessee capacity was not. Thus, this could not be considered for the short-term. However, the Company will investigate this option as a long-term solution.

LNG

Berkshire also contacted Distrigas to determine whether it had excess LNG available for the winter which the Company could purchase in vapor form. Distrigas did have 7,500 MMBtu available for as many days in the winter as required by the Company. After aggressive negotiations, the Company elected to purchase up to 7,500 MMBtu per day with an annual contract quantity of 225,000 MMBtu over the upcoming heating season. There is a demand charge and commodity charge component to this contract which is similar to the cost of the other options the Company considered. However, in this scenario, the Company is only purchasing LNG when it is needed (for up to 30 days). The commodity charge component is comparably priced to what the Company would have paid historically for Altresco supplies. Thus, the incremental cost to the ratepayers is the cost of the demand charge. This agreement was for a short term and, therefore, does not require Department approval. However, the Company's longstanding practice is to advise the Department on these matters.

It is important to note that for 15 years the Company's ratepayers paid no demand charge for the rights to the Altresco peaking supply. Based on the prices quoted for the upcoming winter to replace this supply, it is clear that customers saved millions of dollars during this period. While it will be more costly this winter for peaking supply than it has been for the past 15 years, the Company has contracted for a reliable supply at a reasonable price. This contract was only pursued after a comprehensive consideration of all reasonably available alternatives. As always, Berkshire will also attempt to optimize its portfolio so that its gas costs are as low as possible while maintaining its reliability of service.

In the upcoming months, the Company will continue to assess available alternatives so that a long-term peaking supply option will be in place after this winter. The approach employed by the Company to secure reliability for the upcoming winter period preserves the flexibility to pursue alternative longer term strategies. The Company expects to develop, analyze and implement a longer term strategy in the coming months. The Company will seek such approvals for this longer term plan from the Department as appropriate. In the meantime, should you have any questions on this issue, do not hesitate to call.

Thank you for your consideration.

Sincerely,

Karen L. Zink
President, COO and Treasurer

BROWN
RUDNICK
BERLACK
ISRAELS LLP

Memo

Memorandum

CONFIDENTIAL
ATTORNEY WORK PRODUCT

Attachment DTE-1-6(d)
D.T.E. 06-27

DATE August 12, 2004

TO File

FROM James M. Avery

RE Altresco Agreement - Background Notes

The Berkshire Gas Company has raised some concerns with respect to the potential "mothballing" of the Pittsfield generating station originally developed by Altresco and operated by the PGE National Energy Group prior to its recent bankruptcy filing. These notes summarize certain key provisions of the series of agreements between The Berkshire Gas Company ("Berkshire") and Altresco, Inc. ("Altresco"), the developer of a cogeneration plant in Pittsfield, Massachusetts (the "Plant"). As the Plant's primary fuel is natural gas, Altresco required natural gas transportation service from Berkshire. The initial development plans related to a proposal for Berkshire to construct an approximately 11 mile line from the Tennessee mainline to the Plant. Later, after some permitting difficulties and a related route enhancement, a shorter line was proposed and ultimately developed from a point along the North Adams lateral near the Bosquet ski facility to the Plant.

As Berkshire Gas is primarily concerned with two issues associated with the potential reduced operation of the Plant by its current operators due to a perceived lack of economics. The first concern relates to the ability to call upon peak season purchase rights for Berkshire's own reliability purposes. The second relates to the throughput charge pursuant to which Berkshire secured its only "profit" compensation for the development and operation of the feedline. Some other potential concerns have also been noted.

I. Precedent Agreement

A Precedent Agreement was executed as of November 28, 1988. The Precedent Agreement attached forms of (i) a Natural Gas Transportation Agreement; (ii) a Final Purchase Agreement (the Finance Charge was directly assigned to Altresco's lender);

A Limited Liability Partnership
One Financial Center
Boston, Massachusetts 02111
617-856-8200
Fax: 617-856-8201
Dublin / Hartford / London / New York / Providence

and (iii) a Support Agreement. The parties agreed to negotiate to finalize the attached agreements within a specified date.

II. March 15, 1989 Agreements

On March 15, 1989, Berkshire and Altresco executed (i) a Natural Gas Transportation Agreement (the "Transportation Agreement"); (ii) Fuel Purchase Agreement ("Purchase Agreement"); and (iii) a Support Agreement.

A. Transportation Agreement.

The Transportation Agreement provides the terms and conditions for Berkshire's planned transportation service to the Plant over the then-contemplated 11.5 mile pipeline. Altresco's MDQ was 40,000 MMBtu's per day on a "firm" basis. Berkshire was to secure 5,000 MMBtu/day capacity on the new feedline for its own purposes.

The service price included three components: (i) an Operational Charge (subject to an annual "true up" for "O&M" costs); (ii) a Finance Charge to cover the financing costs of the feedline (this "charge" was eventually assigned directly to the permanent lender for the feedline); and (iii) a Throughput Charge that provided Berkshire's only profit opportunity. The Throughput Charge did not commence until the Fifth Contract year as a negotiated concession to Altresco. The Throughput Charge is a volumetric charge that generally ratchets up over the remaining term of the Transportation Agreement (Sec. 4.4). The overall charges were to be capped based upon a provision in Altresco's December 9, 1987 power purchase agreement with Massachusetts Electric Company. To the extent the cap "cut" into the Throughput Charge, such amount was to be carried forward, with interest, until a later recovery opportunity (Sec. 4.4). The MECO contract may have been revised or terminated as the Plant's output is now apparently under contract to NStar companies that have recently petitioned the D.T.E. for approval of certain settlement payments in connection with the termination or "buyout" of such contracts.

As noted, Berkshire maintained 5,000 MMBtu/day firm capacity on the feedline and interruptible transportation rights when Altresco did not require its full firm requirements. The parties acknowledged that the Transportation Agreement would require regulatory approval, which approval was later obtained from the D.T.E.

Section 7.3 of the Transportation Agreement states that it was the parties' intent that Berkshire recover "all costs and expenses actually incurred in rendering transportation service." The parties are obligated to meet to modify the terms of such agreement to ensure recovery of costs.

Section 20.2 provides that any sale of Plant shall be conditioned upon the purchaser agreeing to assume and perform Altresco's obligations under the Transportation Agreement. I have not seen documentation of this step, if necessary, in connection with the transfer of interest to PGE-NEG. Some brief internet research suggests that ownership of Altresco was transferred rather than merely the assets. Section 20.2 also provides that the Agreement "shall be deemed to be a covenant running with the land with respect to the land or lease on which [ALTRESCO's] cogeneration facility is located . . . ." A memorandum of notice was to be recorded with respect to such provision. The Transportation Agreement then noted that it was the parties' intent to create "concurrent obligations" with the Purchase Agreement and Support Agreement. Arguably, these other agreements might be cast as covenants, but are less likely to meet the established standards under Massachusetts law for such covenants. The intent of this provision was likely to circumvent to some degree the ability of a bankruptcy court to revise the Transportation Agreement.

B. Purchase Agreement.

The Purchase Agreement described the fact that Altresco had secured certain Canadian natural gas supplies. Berkshire, in turn, obtained certain purchase rights under these contracts and agreed "to cause Altresco to assist in the transportation of such qualities" under its agreements to the Berkshire city gate.

"Peak Season Rights" purchase provided the right of Berkshire to purchase 3,500 MMBtus per day of Altresco's Canadian gas supply. Such rights were subject to availability under the relevant purchase and transportation agreements. Altresco was to use "all reasonable efforts" to secure the relevant supply and transportation rights so that Berkshire could exercise its Peak Season Rights. "Excess Supply Rights" were available to Berkshire to the extent Altresco had excess gas available on a given day. Altresco was limited in its obligation to make the sale availability under the Canadian contract. Altresco was obligated, upon request by Berkshire, to pursue reasonable efforts to get regulatory changes to secure Berkshire's purchase rights (Sec. 4).

The Purchase Agreement was coterminous with the Support Agreement and Transportation Agreement as well as Altresco's Canadian gas purchase agreement (Sec. 6).

C. Support Agreements.

The Support Agreement describes the terms by which Altresco would assist in the financing of the Feedline. Berkshire was to "own" the facilities and the financing was to be non-recourse. As noted, the Finance Charges pursuant to the Transportation Agreement was assigned to the lender that financed the feedline (for a special purpose entity established by Altresco).

III. 1992 Revisions to Pricing Agreement

As the permitting for the feedline faced challenges and the design of the feedline itself changed, Berkshire and Altresco revised the overall structure of their relationship with Berkshire assuming, at the request of Altresco, a greater level of risk in terms of feedline development. Berkshire accepted such risk but negotiated a range of expanded consideration including substantial benefits for its customers. A "Comprehensive Project Agreement Revising and Restating Basic Agreements" was executed August 7, 1992. The changes in the nature of the project and the relevant risks are described generally in this agreement.

A number of changes addressed in general in the "Comprehensive Project Agreement" were eventually made to the "principal" 1989 agreements as of December 11, 1992. First, an "Amendment to Fuel Purchase Agreement" was executed. This Amendment increased the level of Berkshire's Peak Season Rights (Par. 2). "Surge Protection Service," i.e., the right of Berkshire to take up to 31,500 MMBtus of Altresco's supply in the event of proration or curtailment of Berkshire's suppliers or transporters, was established. Berkshire also agreed to make certain supplies available to Altresco (Par. 4). Berkshire and Altresco agreed to work together to "balance" changes in their combined nominations on the Tennessee system. This coordination would reduce the number and magnitude of imbalance charges. This amended agreement was eventually approved by the Department of Public Utilities (now the Department of Telecommunications and Energy).

Berkshire's "financing" obligation was also revised so that Berkshire would no longer be the fee holder for the feedline. The feedline was ultimately financed by a special purpose entity established by Altresco, Berkshire Feedline Acquisition Limited Partnership ("BFALP"). Berkshire assigned the Finance Charge under the Transportation Agreement to the BFALP lender. Berkshire received two licenses in the feedline. First, an "irrevocable" license for Berkshire's "space" in the pipe and, second, an "Operating License" for that portion of the feedline necessary to transport Altresco's volumes. An Operating License Agreement addressed these obligations. This agreement granted Berkshire control of the asset so that it could provide the necessary transportation services. Section 4.1 of the Operating License Agreement addresses operational charges and affirmed that they should be paid. Presumably there are a number of costs that must be paid regardless of the level of plant operation. Section 5.03(b) of the Operating License Agreement provides that Berkshire shall remain entitled to the Throughput Charge even if that agreement were terminated. Insurance is defined as an O&M cost under the Transportation Agreement (Sec. 6.02), thus any charges incurred by Berkshire should be recoverable under the Transportation Agreement.

IV. Questions for Analysis.

In terms of Throughput Charge, the charge arises from the Transportation Agreement and is likely to remain affective as the agreement is expressly cast as an interest in land. This conclusion should be confirmed by someone more familiar with the PGE-NEG bankruptcy. The charge is volumetric, so reduced volumes will affect the amount of such payment to Berkshire. O&M charges should continue to be paid regardless of volumes. Berkshire may wish to advise the plant operator of its continuing expectation as to payment under the Transportation Agreement and your interest in the likely operation of the Plant going forward.

The Peak Season Purchase rights are apparently dependent upon Altresco's original gas supply agreement with NOVA. I do not know if any changes were made to this arrangement upon transfer of the plant or if this agreement was also assigned. If the NOVA agreement is still in place, presumably Berkshire should continue to maintain its Peak Season Purchase rights. The Plant operator will presumably seek to market its gas supply rights if the Plant is not fully operational. The Company may seek to enforce its contractual rights and might seek recovery of any costs through the CGAC (A&G and "buyout" costs are recoverable pursuant to Section 3.0 of the CGAC tariff; a reasonable argument might be made to recover contract enforcement costs). Berkshire may want to inquire as to the status of the Plant operator's gas contracts. If there are new supply arrangements, the operator may argue that there is no continuing obligation to provide peak supplies to Berkshire. Berkshire, in turn, might argue that the agreements (including the Purchase Agreement) create "concurrent obligations" that "run with the land" (the Transportation Agreement specifically provides for this while also stating that the agreements are concurrent). This seems to be a somewhat weaker argument, but one that might still prevail.

In sum, Berkshire should seek information on the following from the plant operator (a service company that is operating the Plant after the bankruptcy of PGE-NEG):

(a) the Plant's operator's expected volume requirements and operational plans for the Plant;

(b) confirmation as to continuing payment of the O&M portion of the Transportation Charge; and

(c) the Plant operator's ability and expectation in terms of the Peak Season rights.

More refined bankruptcy research might also be appropriate. I expect that, at a minimum, Berkshire may want to "confirm" its discussion and understanding with a letter. Berkshire may also wish to take stronger action, including termination or the exercise of its purchase rights (the ability to terminate for abandonment of the Plant are limited; under some circumstances there must not have been steam or electricity produced at the plant for 18 consecutive months and no commercially reasonable likelihood of production in the future). Assuming Berkshire does terminate, it may want to exercise its feedline purchase option. The feedline and related service most likely remain of substantial value to the Plant. You may use the fact that certain electric companies are making contract termination payments as an opportunity to negotiate enhancements or perhaps current payments for otherwise long-term obligations.

#1290573 v\1 - averyjm• - nt901!.doc• - 70652/12

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question DTE 1- 7: Refer to page three of Jennifer Boucher's testimony referring to the delivery point of the Company's Pittsfield citygate. Did the Company consider any alternatives to this delivery point? Please explain why or why not.

Response: The Company's Pittsfield citygate is the location where Coral offered primary, firm delivery. If another supplier offered primary, firm delivery to an alternative citygate, the Company would have considered that offer as well. Further, pursuant to discussions with Tennessee, Berkshire itself has exhausted any remaining interstate capacity available to any of its other citygates with its subscription to 4,000 Dth in conjunction with the Tennessee ConneXion project approved in D.T.E. 05-58.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: Jennifer M. Boucher
Date: April 25, 2006

Question
DTE 1- 8: Refer to page four of Jennifer Boucher's testimony where she discusses the discount to be paid to Berkshire if Coral is not entitled to obtain the ROFR. Please explain how was this amount determined?

Response: The lump sum payment was determined during the course of negotiations with Coral and is intended to reflect a discount to the price if the right of first refusal is not obtained.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1- 9: Refer to page four of Jennifer Boucher's testimony where the pricing for the Coral Agreement is discussed. Please explain how the price, the NYMEX Last Day plus an additional rate per MMBtu, was determined?

Response: The pricing structure of NYMEX Last Day plus an additional rate per MMBtu (also known as the "basis") is an industry standard pricing mechanism for delivered gas supplies. Three of the four respondents of the RFP proposed such a pricing structure.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1- 10: Refer to page five of Jennifer Boucher's testimony. Please explain the mechanics of the triggering of a NYMEX price in more detail. What does "subject to credit capacity" mean specifically?

Response: The Company has the right to trigger or "lock in" a particular month's NYMEX price at any time prior to the settle of that month's NYMEX contract, but no further than one season ahead. The term "subject to credit capacity" means that the Company may only trigger or "lock in" NYMEX pricing for the coming season up to its credit limit with Coral.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1- 11: Refer to page five of Jennifer Boucher's testimony. Please elaborate on what the Company means by ". . . the Company expects to enhance stability attributes of its resource portfolio" and how these attributes will be enhanced.

Response: This resource provides inherent benefits for the Company's portfolio in that it is from a diverse location (the capacity originates in Canada), it provides firm, primary capacity to the Berkshire region, and the demand charge is fixed for the term of the agreement providing price stability. In addition, the Company has negotiated for the right of first refusal ("ROFR") for this capacity. If the ROFR is ultimately available to the Company, it will continue to provide the benefits mentioned previously for our customers in the long-term.

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1-12: Refer to page six of Jennifer Boucher's testimony where she discusses the Company's right to purchase a portion of the gas supply from the Amended Fuel Purchase Agreement ("AFPA") resource. Please detail the specific rights that Berkshire had under the AFPA agreement including the applicable time periods of those rights. Provide all documents supporting Berkshire's rights. Clarify whether the Company's rights were to gas supply, transportation, delivered quantities or a combination. Explain how the Company exercised those rights and the notices required to be given to AFPA to call upon the resource.

Response: During the term of the Fuel Purchase Agreement, the Amendment to Fuel Purchase Agreement established a number of rights for the benefit of Berkshire's utility customers, as follows:

1. Peak Season Rights – Berkshire was entitled to purchase up to 7,500 MMBtu's per day (or a mutually agreed upon greater quantity) during the winter period (December 15 through February 15) or up to 315,000 MMBtu's per year (or a mutually agreed upon greater quantity). Peak season rights were essentially priced at the plant operator's alternative fuel cost. The Fuel Purchase Agreement also provided that Berkshire may purchase the plant operator's excess supply at essentially the operator's delivery cost. Importantly, there was no demand or reservation charge applicable to these rights.

2. Surge Protection Service – Berkshire was entitled to purchase the plant operator's gas supply of up to 31,500 MMBtu's per day in the event of pro-ration or curtailment of firm gas supplies. This added an important measure of reliability to the Berkshire system. The cost of gas purchased pursuant to this feature was to be 110% of the peak season rights purchases, subject to a cap.

3. Balancing and Exchange Agreement – this feature of the Amendment to Fuel Purchase Agreement provided for joint balancing with respect to changes in nominations between Berkshire and the plant operator. This feature resulted in substantial savings to Berkshire's customers in the form of avoided penalties that might result from weather changes.

4. Transportation Rights – the Transportation Agreement also provides Berkshire with firm transportation rights along the pipeline serving the plant of up to 5,000 MMBtu's per day. Berkshire also is entitled to certain interruptible transportation rights when the plant operator is not taking its full requirement.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1-12 (cont'd.):

The Company developed notice and coordination procedures for its gas purchase, balancing and transportation rights. Surge protection service was not required during the term of the AFPA.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1-13: Please provide all details, including the history of usage, of the Distrigas services that were used in the winter of 2004-05 to provide reliable service when the AFPA was not available. Address any concern(s) that the Company may have had about entering into the DOMAC contract as a replacement for the AFPA volumes.

Response: In a letter to George Yiankos dated November 2, 2004 the Company advised the Department of its decision to secure DOMAC as a temporary, emergency replacement for the AFPA volumes for the winter of 2004-05. See Attachment DTE-1-13(a). The contract provided firm delivery for up to a total of 225,000 MMBtu with a Maximum Daily Quantity ("MDQ") of 7,500 MMBtu.

DOMAC was one the respondents to the Company's RFP. However, DOMAC's response only offered the volumes on a secondary delivery basis. In addition, the Company was concerned about relying on DOMAC for such a large part of its peak day needs. First, the Company experienced a force majeure for several weeks with DOMAC in October 2001. Second, secondary delivery cuts were experienced in the Company's service territory this past winter. If either of these scenarios were to occur on a peak day, Berkshire would be unable to meet the peak day needs of its firm customers.

RESPONSE AND ATTACHMENT DTE-1-13(b) ARE CONFIDENTIAL AND PROPRIETARY
PROTECTIVE TREATMENT

November 2, 2004

VIA FACSIMILE AND REGULAR MAIL

Mr. George Yiankos, Director, Gas Division
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02202

Dear George:

Per our previous discussion, The Berkshire Gas Company ("Berkshire" or the "Company") recently became aware that its peaking supply of 7,500 MMBtu per day from the Altresco cogeneration facility (presently known as U.S. Generating Company) will not be available this winter. This source of supply has previously been provided to Berkshire pursuant to a Fuel Purchase Agreement ("FPA"). The FPA enables the Company to purchase a portion of the gas supply that the plant operator retained in order to operate a cogeneration plant located in Pittsfield. In fact, this purchase right has contributed to the Company's least cost, reliable resource plan for many years. However, circumstances relating to the electricity market that are beyond Berkshire's control have resulted in the facility not being operational this winter. Further, we have become aware that the facility no longer maintains its underlying gas supply contract and that the plant's operator has not retained its long-haul capacity into the facility. Thus, it is not a viable option for Berkshire to rely upon the ability to buy the supply or employ the capacity available to Altresco during this winter heating season and, perhaps, beyond. Based on this determination, the Company has had to consider other options to replace this supply for the short-term and long-term to ensure the continuing reliability of service. The following is a summary of the analysis the Company performed to determine how to replace this supply for the upcoming winter period as well as its plan to consider longer term alternatives.

Propane

As soon as the Company learned that the Altresco facility might not be operational for this winter, Berkshire immediately elected to fill its propane tanks for a potential supply option and purchased the right to call upon an additional 700,000 gallons in the winter. This step would replace the peaking service available under the FPA on a least cost basis as these facilities were already available to serve the Company. However, for several reasons the Company determined that it cannot rely on propane to completely replace the Altresco volumes. First, there is always a concern about allocations and truck driver hours that may result in untimely replacement of some or all of the propane supplies. Second, the Altresco resource has been used on days that are not necessarily peak days, i.e. at degree days that could be approximately a 50 degree day. When it is not extremely cold, there is not enough natural gas in the Company's distribution system to offset the high Btu content of propane. Operational or equipment problems could occur if the Btu content is too high. Thus, while propane is a good source for supplemental supply and an important resource in terms of reliability, the Company cannot rely on it to replace the entire 7,500 MMBtu per day volumes lost.

Dracut Capacity

The Company also analyzed and considered purchasing available Dracut capacity. However, there were concerns regarding the potential for a gas supply to be delivered from Dracut. First, Berkshire determined that gas supply prices out of Dracut were extremely high. Second, even with those higher prices, there was no guarantee a gas supply would be available. Finally, Berkshire determined that Dracut supply is never, as a practical matter, "firm" and would likely be interrupted when the Company would most likely require the supply. Accordingly, due to the high costs and the limited reliability of this resource, Berkshire discounted this option.

Delivered Gas to Citygate

Marketers that serve the Company's customers behind its citygate were contacted to determine if they had available delivered capacity and supply into Berkshire's service territory. One marketer had up to 4,000 MMBtu per day available. However, the marketer would require Berkshire to "baseload" the supply for the 151 day winter period and pay a premium. This would result in a "demand" charge for the 4,000 MMBtu supply that the Company does not, in fact, require for the entire 151 day period. Thus, the "cost" proposed was not in line with the "benefit" to the Company. Further, there would still be a shortage of 3,500 MMBtu per day that would have to be replaced. Thus, this option was rejected.

Other Capacity Options

An additional option considered was to purchase capacity on the Iroquois system which would ultimately connect to and be delivered on the Tennessee Gas Pipeline Company system. Unfortunately, for this winter, the Iroquois capacity was available but the Tennessee capacity was not. Thus, this could not be considered for the short-term. However, the Company will investigate this option as a long-term solution.

LNG

Berkshire also contacted Distrigas to determine whether it had excess LNG available for the winter which the Company could purchase in vapor form. Distrigas did have 7,500 MMBtu available for as many days in the winter as required by the Company. After aggressive negotiations, the Company elected to purchase up to 7,500 MMBtu per day with an annual contract quantity of 225,000 MMBtu over the upcoming heating season. There is a demand charge and commodity charge component to this contract which is similar to the cost of the other options the Company considered. However, in this scenario, the Company is only purchasing LNG when it is needed (for up to 30 days). The commodity charge component is comparably priced to what the Company would have paid historically for Altresco supplies. Thus, the incremental cost to the ratepayers is the cost of the demand charge. This agreement was for a short term and, therefore, does not require Department approval. However, the Company's longstanding practice is to advise the Department on these matters.

It is important to note that for 15 years the Company's ratepayers paid no demand charge for the rights to the Altresco peaking supply. Based on the prices quoted for the upcoming winter to replace this supply, it is clear that customers saved millions of dollars during this period. While it will be more costly this winter for peaking supply than it has been for the past 15 years, the Company has contracted for a reliable supply at a reasonable price. This contract was only pursued after a comprehensive consideration of all reasonably available alternatives. As always, Berkshire will also attempt to optimize its portfolio so that its gas costs are as low as possible while maintaining its reliability of service.

In the upcoming months, the Company will continue to assess available alternatives so that a long-term peaking supply option will be in place after this winter. The approach employed by the Company to secure reliability for the upcoming winter period preserves the flexibility to pursue alternative longer term strategies. The Company expects to develop, analyze and implement a longer term strategy in the coming months. The Company will seek such approvals for this longer term plan from the Department as appropriate. In the meantime, should you have any questions on this issue, do not hesitate to call.

Thank you for your consideration.

Sincerely,

Karen L. Zink
President, COO and Treasurer

ATTACHMENT DTE-1-13(b)

IS CONFIDENTIAL AND PROPRIETARY AND INTENTIONALLY OMITTED

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1-14: Refer to page seven of Jennifer Boucher's testimony. Provide all information on the Company's usage of propane in the winter of 2004-05, including the days and quantities of usage. Indicate how many days, if any, were not peak days that placed operational restrictions on the use of propane. When was it that the Company determined that "it should not rely exclusively on propane to completely replace the AFPA volumes." Is there a quantity of the AFPA volumes that the Company has determined can be relied on to replace the AFPA volumes?

Response: The Company utilized only 3,106 Dth of propane during the winter 2004-05 period, with 1,897 Dth in December 2004 and 1,209 Dth in January 2005. The Company's operational restrictions on the use of propane are dictated by hourly system flow rates. Specifically, the maximum ratio of propane air to natural gas is 45% propane air to 55% natural gas. This ratio of propane air to natural gas provides a system BTU content of 1,129 Btu's/cft, which is the maximum level for customer deliverability. As both the North Adams and Pittsfield propane plants have minimum natural gas flow rates of 100 Mcf per hour, the minimum hourly system requirement has to be at least 200 Mcf/hour for the dispatch of propane. The Company does not maintain historical hourly flow rates for North Adams and Pittsfield plants to analyze the amount of time that propane was a feasible alternative during the winter 2004-05 period.

As stated on pages 52-53 of the Company's most recent filed Forecast and Supply Plan, Docket D.T.E. 05-07, in 2004, as soon as the Company learned that the Altresco facility might not be operational for the 2004-2005 winter, Berkshire immediately elected to fill its propane tanks for a potential supply option and purchased the right to call upon an additional 700,000 gallons of L.P. in the winter period. This step would replace the peaking service available under the AFPA on a least cost basis as these facilities were already available to serve the Company. However, for several reasons the Company determined that it should not rely exclusively on propane to completely replace the Altresco volumes. First, there is always a concern about allocations and truck driver hours that may result in untimely replacement of some or all of the propane supplies. Second, the Altresco resource has been used on days that are not necessarily peak days, where operational restrictions as described above, come into play. Thus, while propane is a good source for supplemental supply and an important resource in terms of reliability, the Company determined that it could not rely on it to replace the entire 7,500 MMBtu per day volumes lost.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question DTE 1-15: Refer to page eight of Jennifer Boucher's testimony. Ms. Boucher indicates that Berkshire determined that Dracut supply is "never, as a practical matter, firm and would likely be interrupted when the Company would most likely require the supply." Please explain how the Company made this determination. Provide with your response, all documents, studies and data used by the Company to make this determination. Please address whether the Company considered issuing an RFP to solicit supply through Dracut. Provide all relevant work papers and data the Company used to determine whether or not Dracut supply should be considered.

Response: The Company considered obtaining capacity at Dracut, however there are concerns with Dracut supply since there is no backup if there are pipeline or supply issues (i.e. there is no way to re-route the gas via another pipeline or storage facilities along the pipe if there are supply disruptions). In its RFP, the Company did not exclude suppliers from offering a Dracut supply.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1-16: Refer to page eight of Jennifer Boucher's testimony. Please explain how the Company determined that capacity was available on the Iroquois system but not available on the Tennessee system for the 2004-05 winter. Provide all relevant documents.

Response: Representatives of the Company had discussions with representatives from both Iroquois Pipeline and Tennessee Gas Pipeline prior to the winter 2004-2005. Unfortunately, while the Iroquois representative informed Berkshire that capacity was available at Waddington, NY, the representative for Tennessee noted there was no capacity at Wright, NY (the interconnect point with Iroquois) for that winter period.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question DTE 1-17: Refer to page 10 of Jennifer Boucher's testimony. Please discuss the advantages and disadvantages of both a 90-day and 151-day baseload service for meeting Berkshire's needs for peaking service. Explain Berkshire's reasons for rejecting such a service.

Response: The Company elected to secure a 90-day service proposal over a 151-day service proposal in that this time period more accurately tracked the historical exercise of AFPA rights. Historically the Company has elected to take the AFPA volumes during the 90-day winter period December through February. On very rare occasions it has dispatched some volumes in March, however, not enough where the cost of the extra 61-day service would be justified. Attachment DTE-1-17 provides a historical summary of the Company's exercise of its right to purchase AFPA volumes.

GAS PURCHASES FROM ALTRESCO (1992 - 2004)

MONTH	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL	# DAYS TAKEN
NOVEMBER 1992																																0	
DECEMBER 1992																																0	
JANUARY 1993																																0	
FEBRUARY 1993						2,000	4,000											2,000														8,000	3
MARCH 1993																																0	
TOTAL																																8,000	3
NOVEMBER 1993																																0	
DECEMBER 1993																										4,000	5,473	4,000	2,000			15,473	4
JANUARY 1994					3,000					3,000					7,500	6,000		3,000	7,500	5,000		2,000				6,500						43,500	9
FEBRUARY 1994	3,000								4,000	3,000				1,500												484	5,000					16,984	6
MARCH 1994																																0	
TOTAL																																75,957	19
NOVEMBER 1994																																0	
DECEMBER 1994																																0	
JANUARY 1995																																0	
FEBRUARY 1995					3,000	9,000	2,250	1,000				1,500															1,100					17,850	6
MARCH 1995																																0	
TOTAL																																17,850	6
NOVEMBER 1995																																0	
DECEMBER 1995										3,000	1,000																					4,000	2
JANUARY 1996			2,000	2,000	5,500	7,500	4,500	1,000		2,000	1,000																				1,000	26,500	9
FEBRUARY 1996	2,000		4,000	6,500	1,000	3,000						2,500																				19,000	6
MARCH 1996																																0	
TOTAL																																49,500	17
NOVEMBER 1996																																0	
DECEMBER 1996																															800	800	1
JANUARY 1997																	7,500	7,500	3,000							3,000			2,000	1,000		24,000	6
FEBRUARY 1997																																0	
MARCH 1997																																0	
TOTAL																																24,800	7
NOVEMBER 1997																																0	
DECEMBER 1997																															4,000	4,000	1
JANUARY 1998																																0	
FEBRUARY 1998																																0	
MARCH 1998												4,000																				4,000	1
TOTAL																																8,000	2

GAS PURCHASES FROM ALTRESCO (1992 - 2004)

MONTH	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL	# DAYS TAKEN
NOVEMBER 1998																																0	
DECEMBER 1998																																0	
JANUARY 1999	1,000													3,000																		4,000	2
FEBRUARY 1999																																0	
MARCH 1999																																0	
TOTAL																																4,000	2
NOVEMBER 1999																																0	
DECEMBER 1999																																0	
JANUARY 2000																	5,000	1,000			3,000	3,000										12,000	4
FEBRUARY 2000																																0	
MARCH 2000																																0	
TOTAL																																12,000	4
NOVEMBER 2000																																0	
DECEMBER 2000								4,000					7,500	7,500							3,000	3,000	7,000	7,000	7,000	7,000	4,000	4,000	4,000	4,000	4,000	73,000	14
JANUARY 2001									3,000	3,000	3,000	3,000																				12,000	4
FEBRUARY 2001																																0	
MARCH 2001																																0	
TOTAL																																85,000	18
NOVEMBER 2001																																0	
DECEMBER 2001																																0	
JANUARY 2002																																0	
FEBRUARY 2002																																0	
MARCH 2002																																0	
TOTAL																																0	0
NOVEMBER 2002																																0	
DECEMBER 2002			3,500	4,500					2,500																							10,500	3
JANUARY 2003																	2,000	2,000			5,000	3,000	2,000	3,500			7,500	1,000	7,000			33,000	9
FEBRUARY 2003											4,000	5,000	5,000	2,000	6,500	5,500									7,000	3,000						38,000	8
MARCH 2003			7,500			7,000			2,500	6,500																						23,500	4
TOTAL																																105,000	24
NOVEMBER 2003																																0	
DECEMBER 2003																																0	
JANUARY 2004							5,000	7,500	7,500	7,500	7,500		3,000	7,500	7,500	7,500							7,500	7,500	7,500							83,000	12
FEBRUARY 2004															7,500																	7,500	1
MARCH 2004																																0	
TOTAL																																90,500	13

Last Two Winters

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1-18: Refer to page eleven of Jennifer Boucher's testimony. Please explain how the Company determined that the proposal that Berkshire received for 20-days of use would not provide adequate reliability.

Response: In the past, the Company has elected the AFPA volumes up to 24 times in a heating season, with several seasons having elections on close to 20 occasions. See Attachment DTE-1-17.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1-19: Refer to page eleven of Jennifer Boucher's testimony and Attachment JMB-10. Please provide copies of all correspondence exchanged between the Company and the recipients of the RFP issued on July 13, 2005 that relates to the RFP, whether by fax, letter, email or other means.

As part your response, indicate whether any entity to whom the RFP was sent presented the Company with any request for clarification of any term of the RFP or any other inquiry or comment with regard to the RFP. If so, please provide a copy of the request, inquiry, or comment and the Company's reply. Please also indicate whether the Company shared its reply to such requests, inquiries, or comments with all RFP recipients.

Response: No respondents requested clarification of any term of the July 13, 2005 RFP or had any other inquiry or comment. Attachment DTE-1-4(b) provides copies of the bids received from the suppliers. Once the Company evaluated the respondents' bids, a "short list" was developed and additional questions were issued to these 3 suppliers. This correspondence is provided at Attachment DTE-1-19(a). The responses from the suppliers to these initial Short List questions are provided as Attachment DTE-1-19(b). Subsequently, after determining that Iroquois capacity from Waddington, NY to the Tennessee interconnection at Wright, NY was not feasible, the Company asked the short list suppliers if they could provide a delivered supply to Wright, NY, the point at which the Iroquois pipeline interconnects with Tennessee pipeline. This Company request is provided as Attachment DTE-1-19(c). The Company only received one positive response to this request, which is provided as Attachment DTE-1-19(d).

The Company ultimately determined that it could not proceed with this option since it could not secure the needed Tennessee capacity to deliver the Iroquois supply from Wright, NY to its citygates. See the Company's response to D.T.E. 1-4. Attachment DTE-1-19(e) provides the Company's notification to the short list suppliers of its decision not to pursue the Waddington option.

berkshire gas
Energy You Can Count On. People You Can Trust.

August 19, 2005

Mr. Craig Adams
Cargill Power & Gas Markets
12700 Whitewater Drive
Minnetonka, MN 55343

Re: The Berkshire Gas Company - Gas Supply Request for Proposal

Via email: Craig_Adams@cargill.com

Dear Mr. Adams:

I am pleased to inform you that Cargill Power & Gas Markets ("Cargill") has been selected to participate in the short list phase of The Berkshire Gas Company's ("Berkshire") RFP for firm gas supply winter service. Evaluation of your proposal indicated that a follow-up meeting and discussion is warranted in order to explore in more detail various aspects of the proposal.

To best prepare for the imminent discussion, Berkshire requests that you provide responses to the following questions by 5 p.m. EST Tuesday, August 23, 2005:

1) Please provide any pricing updates to Cargill's initial proposal;
2) Please provide the amount of primary capacity at Waddington for this gas;
3) Would Cargill consider a sell back option? If yes, please provide pricing parameters;
4) Would Cargill consider a "Take or Release" option? If yes, please provide pricing parameters;
5) Please provide the number of Force Majeure declarations in the last five years;
6) Please provide the number of curtailments to customers in the last five years; and
7) Please describe the operational experience of Cargill's personnel on Iroquois Gas Transmission Pipeline.

Responses should be forwarded via email to jboucher@berkshiregas.com. After receiving the information, Berkshire will contact you to discuss further participation in the short list phase. If you have any questions, please do not hesitate to contact me. I can be reached by telephone at (413) 445-0353 or via e-mail at the aforementioned address.

Sincerely,

Jennifer M. Boucher
Supervisor – Rates and Planning

berkshire gas
Energy You Can Count On. People You Can Trust.

August 19, 2005

Mr. Jeff Brant
ConocoPhillips Gas And Power Marketing
5795 WideWaters Parkway
Dewitt, NY 13214

Re: The Berkshire Gas Company – Waddington Gas Supply Request for Proposal

Via email: Jeff.Brant@conocophillips.com

Dear Mr. Brant:

I am pleased to inform you that ConocoPhillips Gas and Power Marketing ("Conoco") has been selected to participate in the short list phase of The Berkshire Gas Company's ("Berkshire") RFP for firm gas supply winter service. Evaluation of your proposal indicated that a follow-up meeting and discussion is warranted in order to explore in more detail various aspects of the proposal.

To best prepare for the imminent discussion, Berkshire requests that you provide responses to the following questions by 5 p.m. EST Tuesday, August 23, 2005:

1) Please provide any pricing updates to Conoco's initial proposal;
2) Please provide the amount of primary capacity at Waddington for this gas;
3) Would Conoco consider a sell back option? If yes, please provide pricing parameters;
4) Would Conoco consider a "Take or Release" option? If yes, please provide pricing parameters;
5) Please provide the number of Force Majeure declarations in the last five years;
6) Please provide the number of curtailments to customers in the last five years; and
7) Please describe the operational experience of Conoco's personnel on Iroquois Gas Transmission Pipeline.

Responses should be forwarded via email to jboucher@berkshiregas.com. After receiving the information, Berkshire will contact you to discuss further participation in the short list phase. If you have any questions, please do not hesitate to contact me. I can be reached by telephone at (413) 445-0353 or via e-mail at the aforementioned address.

Sincerely,

Jennifer M. Boucher
Supervisor – Rates and Planning

berkshire gas
Energy You Can Count On.
People You Can Trust.

August 19, 2005

Terry O'Hara
Director, Marketing & Structured Products
Nexen Marketing, U.S.A. Inc.
3000 Town Center
Suite 2440
Southfield MI 48075

Re: The Berkshire Gas Company – Waddington Gas Supply Request for Proposal

Via email: Terry_O'Hara@nexeninc.com

Dear Ms. O'Hara:

I am pleased to inform you that Nexen Marketing ("Nexen") has been selected to participate in the short list phase of The Berkshire Gas Company's ("Berkshire") RFP for firm gas supply winter service. Evaluation of your proposal indicated that a follow-up meeting and discussion is warranted in order to explore in more detail various aspects of the proposal.

To best prepare for the imminent discussion, Berkshire requests that you provide responses to the following questions by 5 p.m. EST Tuesday, August 23, 2005:

1) Please provide any pricing updates to Nexen's initial proposal;
2) Please provide the amount of primary capacity at Waddington for this gas;
3) Would Nexen consider a sell back option? If yes, please provide pricing parameters;
4) Would Nexen consider a "Take or Release" option? If yes, please provide pricing parameters;
5) Please provide the number of Force Majeure declarations in the last five years;
6) Please provide the number of curtailments to customers in the last five years; and
7) Please describe the operational experience of Nexen's personnel on Iroquois Gas Transmission Pipeline.

Responses should be forwarded via email to jboucher@berkshiregas.com. After receiving the information, Berkshire will contact you to discuss further participation in the short list phase. If you have any questions, please do not hesitate to contact me. I can be reached by telephone at (413) 445-0353 or via e-mail at the aforementioned address.

Sincerely,

Jennifer M. Boucher
Supervisor – Rates and Planning

August 23, 2005

Ms. Jennifer M. Boucher
Supervisor, Rates and Planning
Berkshire Gas Company
115 Cheshire Rd.
Pittsfield, MA 01201

Via Electronic Mail

Reference: The Berkshire Gas Company – Gas Supply Request for Proposal

Dear Ms. Boucher:

Cargill, Incorporated, through its Power & Gas Markets business unit ("Cargill") is pleased to provide the following information pursuant to your request of August 19, 2005.

1. *Please provide any pricing updates to Cargill's initial proposal.*

   Cargill will provide updated pricing under separate cover later today after the markets have closed.

2. *Please provide the amount of primary capacity at Waddington for this gas.*

   We assume that Berkshire seeks the amount of firm capacity that Cargill holds to Waddington on a primary basis. Cargill holds 340,669 GJ/d of firm capacity on TransCanada; although the primary term of these agreements expires on October 31, 2006, Cargill has the right to extend these agreements.

3. *Would Cargill consider a sell-back option?*

   Cargill would permit Berkshire to return baseloaded deliveries given appropriate notice and providing that Cargill were kept whole on price.

4. *Would Cargill consider a take-or-release option?*

   Cargill would permit Berkshire to select the level of baseloaded deliveries up to the stated daily contract quantity to be taken for a given month given appropriate notice and providing that Cargill were kept whole on price.

5. *Please provide the number of Force Majeure declarations in the last five years.*

   Cargill has not declared *force majeure* on a supply transaction within the past five years.

6. *Please provide the number of curtailments to customers in the last five years.*

   Cargill has not curtailed a firm customer within the past five years.

7. *Please describe the operational expertise of Cargill's personnel on Iroquois Gas Transmission.*

   Cargill and its predecessors have owned the largest tranche of firm transportation to Waddington since the pipeline entered service. Additionally, the four key members of Cargill's northeast group have between four and fifteen years experience in the region and seven to four years of direct experience on Iroquois. This experience includes, in addition to trading and scheduling, management of LDC-owned assets on a term basis, capacity release of varying terms, and ownership and optimization of various short-term opportunities directly with Iroquois.

We hope this adequately answers your questions and look forward to hearing from you soon. I may be reached at 952 984-3301 if you have any questions.

Regards,

Craig Adams
Director, Marketing & Business Development

Jennifer Boucher

From: Matt_Rallison@cargill.com
Sent: Tuesday, August 23, 2005 3:30 PM
To: "Adams; Craig" <Craig_Adams@cargill.com>
Cc: Matt Rallison <Matt_Rallison@cargill.com>
Subject: RE: RE: Request for proposal

Jennifer

Our offer for the next 3 winters basis at Iroquois Waddington is as follows

November 01, 2005 March 31, 2006 =
November 01, 2006 March 31, 2007 =
November 01, 2007 March 31, 2008 =

Regards,

Matt Rallison

Original Message
From: Craig_Adams@cargill.com [mailto:Craig_Adams@cargill.com]
Sent: Tuesday, August 23, 2005 12:45 PM
To: jboucher@berkshiregas.com
Cc: matt.rallison@natgas.cargill.com
Subject: RE: RE: Request for proposal
Importance: High

Jennifer: I will be out of the office this afternoon so Matt Rallison (403 2183443) will provide the pricing input. Here is the rest of the information you requested.

Original Message
From: jboucher@berkshiregas.com [mailto:jboucher@berkshiregas.com]
Sent: Friday, August 19, 2005 7:49 AM
To: Adams, Craig /Craig_Adams@cargill.com
Subject: Re: RE: Request for proposal

Please see the attached document regarding Berkshire's Winter Supply RFP.

Jennifer Boucher
Supervisor Rates & Planning

Jennifer Boucher

From: Jeff.Brant@conocophillips.com
Sent: Tuesday, August 23, 2005 3:36 PM
To: E-mail; " <jboucher@berkshiregas.com>
Cc: "Greco; John" <John.Greco@conocophillips.com>; "Luchetti; Mike A." <Mike.A.Luchetti@conocophillips.com>; "Riordan; Tim F." <Tim.F.Riordan@conocophillips.com>
Subject: Waddington Update and TGP clarification

Jennifer,

I left you a voicemail addressing your question on the Gulf Supplies pricing provided last week. There were not any premiums included in the pricing for take or release. As I left on your voicemail the premium for that service is $. due to index premium volatility. Below is ConocoPhillips response to your questions regarding Waddington supplies for the next three winters:

1) Please provide any pricing updates to Conoco's initial proposal;
Updated pricing:
Nov2005Mar2006
Nov2006Mar2007
Nov2007Mar2008
The above stated pricing is based on the NYMEX and current basis differentials as of close of trading 8/23/05 and is subject to change.

2) Please provide the amount of primary capacity at Waddington for this gas;
ConocoPhillips currently manages approx. 400,000 dt/day of capacity at Waddington
3) Would Conoco consider a sell back option? If yes, please provide pricing parameters;
Not at this time.
4) Would Conoco consider a "Take or Release" option? If yes, please provide pricing parameters;
Not at this time.
5) Please provide the number of Force Majeure declarations in the last five years;
ZERO
6) Please provide the number of curtailments to customers in the last five years; and
ZERO
7) Please describe the operational experience of Conoco's personnel on Iroquois Gas Transmission Pipeline.
ConocoPhillips maintains the highest professional level of trading, marketing and scheduling personnel to insure reliability on all pipelines we do business on.

Jeff Brant
Director, Northeast Origination
ConocoPhillips Gas & Power
5795 Widewaters Parkway #201
DeWitt, NY 13214
3154537353 office
3153801029 cell
jeff.brant@conocophillips.com

nexen

NEXEN MARKETING U.S.A. INC.
3000 Town Center
Suite 2440
Southfield MI 48075

Aug 23, 2005

The Berkshire Gas Company
115 Cheshire Road, P.O. Box 1388
Pittsfield, Massachusetts 01202-1388

Attention: Ms. Jennifer Boucher

Re: Waddington Supply

Dear Jennifer:

Nexen Marketing U.S.A., Inc. ("Nexen") is pleased to have been chosen for the short list phase of your Waddington gas supply requirements. The Berkshire Gas Company ("Berkshire") requested certain additional information to be provided. The following addresses this request.

Pricing:	Nov 1/05 – Mar 31/06 – Nov 1/06 – Mar 31/07 – Nov 1/07 – Mar 31/08 –
Primary Capacity:	100% of this gas will flow on primary capacity to Waddington
Sell Back Option:	Nexen will buy back daily gas at Waddington daily index up until 8:00 am day prior; best efforts after 8:00 am.
Take or Release:	Nexen will not offer Take or Release for basis deal at Waddington.
Force Majeures:	Nexen has not declared any Force Majeure in the last five years.
Curtailments:	Nexen has not had any curtailments to firm customers who have nominated their entitlements a day ahead by proper nomination deadlines.
Experience:	The three main personnel (Merril Schmitt, Trevor Dillabough, Terry O'Hara) each have a minimum of twelve(12) years experience of making deliveries into and on the Iroquois pipeline.
Market Conditions:	Nexen reserves the right to refresh the basis pricing of this arrangement due to changing market conditions.

I hope this additional information is helpful to Berkshire Gas in their evaluation process. Please contact myself at 248-208-2205 to address any further issues. I hope we can close on some part of your gas supply requirements respecting this RFP.

Sincerely,

Terry O'Hara
Director, Marketing & Structured Products

berkshire gas
Energy You Can Count On. People You Can Trust.

August 25, 2005

Mr. Craig Adams
Cargill Power & Gas Markets
12700 Whitewater Drive
Minnetonka, MN 55343

Re: The Berkshire Gas Company - Gas Supply Request for Proposal

Via email: Craig_Adams@cargill.com

Dear Mr. Adams:

Thank you for your response to Berkshire's request of August 19, 2005. We have additional questions and ask that you provide responses by 5 p.m. EST Monday, August 29, 2005.

1) Please provide pricing for up to 10,000 MMBtu/day gas delivered (supply plus Iroquois transportation) to the Tennessee Gas Pipeline at its Wright, New York meter;

2) Please confirm that the gas would be delivered using firm capacity;

3) Would Cargill consider a sell back option with this alternative? If yes, please provide pricing parameters;

4) Would Cargill consider a "Take or Release" option with this alternative? If yes, please provide pricing parameters.

Responses should be forwarded via email to jboucher@berkshiregas.com. After receiving the information, Berkshire will contact you to discuss further participation. If you have any questions, please do not hesitate to contact me. I can be reached by telephone at (413) 445-0353 or via e-mail at the aforementioned address. Thank you for your participation.

Sincerely,

Jennifer M. Boucher
Supervisor – Rates and Planning

berkshire gas
Energy You Can Count On. People You Can Trust.

August 25, 2005

Mr. Jeff Brant
ConocoPhillips Gas And Power Marketing
5795 WideWaters Parkway
Dewitt, NY 13214

Re: The Berkshire Gas Company – Waddington Gas Supply Request for Proposal

Via email: Jeff.Brant@conocophillips.com

Dear Mr. Brant:

Thank you for your response to Berkshire's request of August 19, 2005. We have additional questions and ask that you provide responses by 5 p.m. EST Monday, August 29, 2005.

1) Please provide pricing for up to 10,000 MMBtu/day gas delivered (supply plus Iroquois transportation) to the Tennessee Gas Pipeline at its Wright, New York meter;

2) Please confirm that the gas would be delivered using firm capacity;

3) Would Conoco consider a sell back option with this alternative? If yes, please provide pricing parameters;

4) Would Conoco consider a "Take or Release" option with this alternative? If yes, please provide pricing parameters.

Responses should be forwarded via email to jboucher@berkshiregas.com. After receiving the information, Berkshire will contact you to discuss further participation. If you have any questions, please do not hesitate to contact me. I can be reached by telephone at (413) 445-0353 or via e-mail at the aforementioned address. Thank you for your participation.

Sincerely,

Jennifer M. Boucher
Supervisor – Rates and Planning

berkshire gas
Energy You Can Count On.
People You Can Trust.

August 25, 2005

Terry O'Hara
Director, Marketing & Structured Products
Nexen Marketing, U.S.A. Inc.
3000 Town Center
Suite 2440
Southfield MI 48075

Re: The Berkshire Gas Company – Waddington Gas Supply Request for Proposal

Via email: Terry_O'Hara@nexeninc.com

Dear Ms. O'Hara:

Thank you for your response to Berkshire's request of August 19, 2005. We have additional questions and ask that you provide responses by 5 p.m. EST Monday, August 29, 2005.

1) Please provide pricing for up to 10,000 MMBtu/day gas delivered (supply plus Iroquois transportation) to the Tennessee Gas Pipeline at its Wright, New York meter;

2) Please confirm that the gas would be delivered using firm capacity;

3) Would Nexen consider a sell back option with this alternative? If yes, please provide pricing parameters;

4) Would Nexen consider a "Take or Release" option with this alternative? If yes, please provide pricing parameters.

Responses should be forwarded via email to jboucher@berkshiregas.com. After receiving the information, Berkshire will contact you to discuss further participation. If you have any questions, please do not hesitate to contact me. I can be reached by telephone at (413) 445-0353 or via e-mail at the aforementioned address. Thank you for your participation.

Sincerely,

Jennifer M. Boucher
Supervisor – Rates and Planning

Jennifer Boucher

From: Jeff.Brant@conocophillips.com
Sent: Monday, August 29, 2005 4:34 PM
To: E-mail; " <jboucher@berkshiregas.com>
Cc: "Horton; Stan" <Stan.Horton@conocophillips.com>; "McMurry; Eric J." <Eric.McMurry@conocophillips.com>
Subject: ConocoPhillips response to questions

Jennifer,
Below are the responses to your latest questions for the Waddington supplies.

1) Please provide pricing for up to 10,000 MMBtu/day gas delivered (supply plus Iroquois transportation) to the Tennessee Gas Pipeline at its Wright, New York meter;

TGP Z5 at Wright

Nov2005Mar2006
Nov2006Mar2007
Nov2007Mar2008

I've also provided pricing directly to TGP Z6 City Gates

Nov2005Mar2006
Nov2006Mar2007
Nov2007Mar2008

The above stated pricing is based on the NYMEX and current basis differentials as of close of trading 8/23/05 and is subject to change.

2) Please confirm that the gas would be delivered using firm capacity;
ConocoPhillips maintains a portfolio of capacity that is owned/managed and 3rd party purchases.
3) Would Conoco consider a sell back option with this alternative? If yes, please provide pricing parameters;
ConocoPhillips is willing to consider a Gas Daily type keep whole mechanism in any contract at a liquid point

4) Would Conoco consider a "Take or Release" option with this alternative? If yes, please provide pricing parameters.

Unfortunately at this time ConocoPhillips will not offer a "Take or release" option at these points.

Jeff Brant
Director, Northeast Origination
ConocoPhillips Gas & Power
5795 Widewaters Parkway #201
DeWitt, NY 13214

berkshire gas
Energy You Can Count On. People You Can Trust.

September 14, 2005

Mr. Craig Adams
Cargill Power & Gas Markets
12700 Whitewater Drive
Minnetonka, MN 55343

Re: The Berkshire Gas Company - Gas Supply Request for Proposal

Via email: Craig_Adams@cargill.com

Dear Mr. Adams:

Thank you for responding to the initial solicitation and subsequent inquiries with regards to The Berkshire Gas Company's ("Berkshire") Waddington Gas Supply Request for Proposal. After thorough consideration, and in light of the recent market volatility, we regret to inform you that Berkshire will not pursue the firm gas supply service at Waddington.

In the event that Berkshire can utilize certain individual services provided by Cargill, those opportunities may be explored in the future. In the meantime, if we issue an RFP for additional gas supply services, we will keep you on the list of future vendors for any gas supply services required by the company. Berkshire appreciates the time and effort expended in preparing and submitting your proposal. Thank you for your consideration.

Sincerely,

Jennifer M. Boucher
Supervisor- Rates and Planning

berkshire gas
Energy You Can Count On. People You Can Trust.

August 19, 2005

Mr. Jeff Brant
ConocoPhillips Gas And Power Marketing
5795 WideWaters Parkway
Dewitt, NY 13214

Re: The Berkshire Gas Company – Waddington Gas Supply Request for Proposal

Via email: Jeff.Brant@conocophillips.com

Dear Mr. Brant:

I am pleased to inform you that ConocoPhillips Gas and Power Marketing ("Conoco") has been selected to participate in the short list phase of The Berkshire Gas Company's ("Berkshire") RFP for firm gas supply winter service. Evaluation of your proposal indicated that a follow-up meeting and discussion is warranted in order to explore in more detail various aspects of the proposal.

To best prepare for the imminent discussion, Berkshire requests that you provide responses to the following questions by 5 p.m. EST Tuesday, August 23, 2005:

1) Please provide any pricing updates to Conoco's initial proposal;
2) Please provide the amount of primary capacity at Waddington for this gas;
3) Would Conoco consider a sell back option? If yes, please provide pricing parameters;
4) Would Conoco consider a "Take or Release" option? If yes, please provide pricing parameters;
5) Please provide the number of Force Majeure declarations in the last five years;
6) Please provide the number of curtailments to customers in the last five years; and
7) Please describe the operational experience of Conoco's personnel on Iroquois Gas Transmission Pipeline.

Responses should be forwarded via email to jboucher@berkshiregas.com. After receiving the information, Berkshire will contact you to discuss further participation in the short list phase. If you have any questions, please do not hesitate to contact me. I can be reached by telephone at (413) 445-0353 or via e-mail at the aforementioned address.

Sincerely,

Jennifer M. Boucher
Supervisor – Rates and Planning

berkshire gas
Energy You Can Count On. People You Can Trust.

August 19, 2005

Terry O'Hara
Director, Marketing & Structured Products
Nexen Marketing, U.S.A. Inc.
3000 Town Center
Suite 2440
Southfield MI 48075

Re: The Berkshire Gas Company – Waddington Gas Supply Request for Proposal

Via email: Terry_O'Hara@nexeninc.com

Dear Ms. O'Hara:

I am pleased to inform you that Nexen Marketing ("Nexen") has been selected to participate in the short list phase of The Berkshire Gas Company's ("Berkshire") RFP for firm gas supply winter service. Evaluation of your proposal indicated that a follow-up meeting and discussion is warranted in order to explore in more detail various aspects of the proposal.

To best prepare for the imminent discussion, Berkshire requests that you provide responses to the following questions by 5 p.m. EST Tuesday, August 23, 2005:

1) Please provide any pricing updates to Nexen's initial proposal;
2) Please provide the amount of primary capacity at Waddington for this gas;
3) Would Nexen consider a sell back option? If yes, please provide pricing parameters;
4) Would Nexen consider a "Take or Release" option? If yes, please provide pricing parameters;
5) Please provide the number of Force Majeure declarations in the last five years;
6) Please provide the number of curtailments to customers in the last five years; and
7) Please describe the operational experience of Nexen's personnel on Iroquois Gas Transmission Pipeline.

Responses should be forwarded via email to jboucher@berkshiregas.com. After receiving the information, Berkshire will contact you to discuss further participation in the short list phase. If you have any questions, please do not hesitate to contact me. I can be reached by telephone at (413) 445-0353 or via e-mail at the aforementioned address.

Sincerely,

Jennifer M. Boucher
Supervisor – Rates and Planning

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question
DTE 1-20: Are the agreements with Coral subject to approval from the Department? Please reference the applicable provision(s) in the agreements.

Response: Yes. Because the agreements reflect the integrated terms for the purchase of a natural gas supply for a term in excess of one year, then Department approval is required pursuant to G.L. c. 164, §94A.

Department of Telecommunications and Energy
First Set of Information Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 06-27

Witness: **Jennifer M. Boucher**
Date: **April 25, 2006**

Question DTE 1-21: Refer to page 12-13 of Jennifer Boucher's testimony. Please explain any differences between how the costs of this peaking service would be assessed to marketers and how the costs were assigned for the AFPA volumes.

Response: There is no difference between how the costs of this peaking service will be assessed to marketers versus how the costs were assigned for the AFPA volumes.